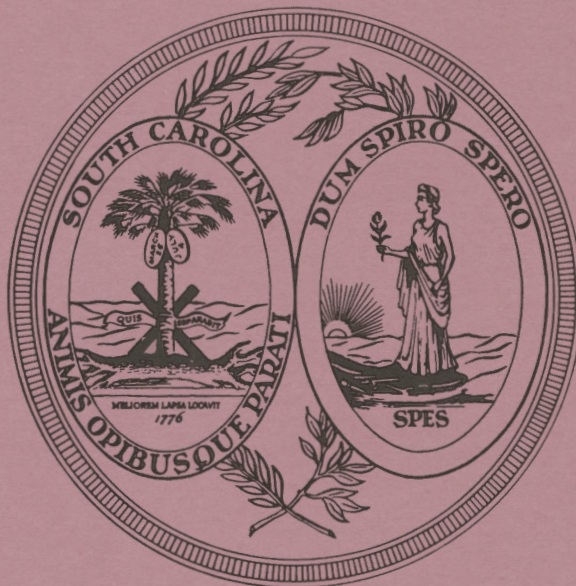


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SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS



ANNUAL REPORT 1989-1990

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STATE DOCUMENTS

LETTER OF TRANSMITTAL

The Honorable Carroll Campbell Governor and Members of the General Assembly.

Gentlemen and Ladies:

We are pleased to submit, in accordance with the requirements of the S.C. Consumer Protection Code, the Fifteenth Annual Report of the S.C. Department of Consumer Affairs for the period July 1, 1989 to June 30, 1990. Correspondence may be addressed to all Commissioners, c/o S.C. Department of Consumer Affairs, Post Office Box 5757, Columbia, S.C. 29250

Respectfully submitted,

COMMISSION ON CONSUMER AFFAIRS

Lehman A. Moseley, Jr., Chairman, Greenville

Dr. Lonnie Randolph, Jr., Vice Chairman,
Columbia

John T. Campbell, Columbia

Rev. A. Clark Jenkins, Columbia

Gene McCaskill, Camden

Richard C. Moore, Greenville

Thomas L. Moore, Clearwater

Timothy F. Rogers, Columbia

Nell W. Stewart, Greenville

Emil W. Wald, Rock Hill

Harry Walker, Columbia

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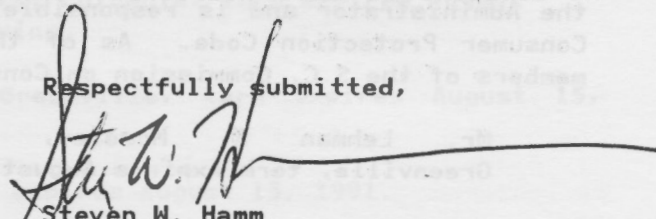
REPORT

TO: The S.C. Commission on Consumer Affairs

Gentlemen and Ladies:

In compliance with the requirements of the S.C. Consumer Protection Code, I am pleased to provide you with the Fifteenth Annual Report of the S.C. Department of Consumer Affairs covering Fiscal Year 1990. This is the fifteenth full-year report of the S.C. Department of Consumer Affairs and includes information on its operation, functions, duties, and organization. Information on consumer complaints and registered creditors subject to the provisions of the S.C. Consumer Protection Code is included in summary form.

Respectfully submitted,



Steven W. Hamm
Administrator

September 25, 1990
Columbia, South Carolina

DEPARTMENT OF CONSUMER AFFAIRS
Organization

I. COMMISSION ON CONSUMER AFFAIRS

The Commission on Consumer Affairs is composed of 11 members, one of whom is the Secretary of State. Of the remaining 10 members, one each is elected from the membership of the Senate and the House of Representatives. The General Assembly elects four other members from outside the legislature and the Governor appoints four other members whose appointments are confirmed by the Senate. The commission is the policy making and governing authority of the S.C. Department of Consumer Affairs, appoints the Administrator and is responsible for enforcement of the S.C. Consumer Protection Code. As of the date of this report, the members of the S.C. Commission on Consumer Affairs are:

Mr. Lehman A. Moseley, Jr., Chairman, Attorney, Greenville, term expires August 31, 1993.

Dr. Lonnie Randolph, Jr., Vice-Chairman, Optometrist, Columbia, term expires August 31, 1990.

Secretary of State John T. Campbell, Columbia.

Rev. A. Clark Jenkins, Minister, Johns Island, term expires August 31, 1989.

Gene McCaskill, Businessman, term expires August 31, 1991.

Mr. Richard C. Moore, Attorney, Greenville, term expires August 31, 1992.

Sen. Thomas L. Moore, Businessman, Clearwater, term runs concurrent with term of office.

Rep. Timothy F. Rogers, Attorney, Columbia, term runs concurrent with term of office.

Ms. Nell W. Stewart, Business Executive, Greenville, term expires August 31, 1990.

Mr. Emil W. Wald, Attorney, Rock Hill, term expires August 31, 1991.

Mr. Harry Walker, Businessman, Columbia, term expires August 31, 1992.

II. COUNCIL OF ADVISORS ON CONSUMER CREDIT

The Council of Advisors on Consumer Credit consists of 16 members who are appointed by the Governor. One of the

advisors is designated by the Governor as chairman. The Council advises and consults with the Administrator concerning the exercise of his powers under the S.C. Consumer Protection Code and may make recommendations to the Administrator. Members may assist the Administrator in obtaining compliance with the S.C. Consumer Protection Code. The following served as members of the Council of Advisors during the period July 1, 1989 through June 30, 1990.

Charlton Whipple, Chairman, Columbia, term expires August 15, 1991.

Adair Crawley, Secretary, Columbia, term expired August 15, 1989 but still serving.

Mason G. Alexander, Greenville, term expires August 15, 1991.

William C. Brock, term expires August 15, 1991.

Larry Emanuelson, North Charleston, term expires August 15, 1990.

F. M. C. Fralix, Columbia, term expires August 15, 1990.

Robert N. Hubbs, Lexington, term expires August 15, 1990.

C. Richard Kelly, Columbia, term expires August 15, 1992.

Daniel R. Molony, Charleston, term expires August 15, 1990.

William W. Murphy, Columbia, term expired August 15, 1989 but still serving.

Derial L. Ogburn, Columbia, term expires August 15, 1992.

Linda Reeves, Rock Hill, term expired August 15, 1988 but still serving.

Charlie Walters, Greenville, term expires August 15, 1993.

Patrick Earl Watson, Columbia, term expires August 15, 1991.

Two vacancies

III. COMMITTEE ON CONSUMER AFFAIRS

The Committee on Consumer Affairs monitors the implementation of the S.C. Consumer Protection Code and serves as a continuing liaison between the S.C. Department

of Consumer Affairs and the General Assembly. As of the date of this report the Committee Members are:

Sen. John C. Lindsay
Sen. Isadore E. Lourie
Sen. J. Verne Smith
Rep. Dick Elliott
Rep. Thomas A. Limehouse
Rep. Eugene LeRoy Nettles, Jr.
Mr. James F. Lyles
Ms. Blondell Ragin
Mr. W. E. Vereen

IV. S.C. DEPARTMENT OF CONSUMER AFFAIRS

History and Purpose

The S.C. Department of Consumer Affairs was established by the S.C. Consumer Protection Code, the state law which governs consumer credit transactions and provides for consumer protection in South Carolina. The law, which was signed by the Governor on August 13, 1974 became effective on January 1, 1975. As the state agency designated to represent the interests of consumers, the S.C. Department of Consumer Affairs attempts to resolve complaints and seeks to inform and educate consumers in order to create an atmosphere in which consumers will be more aware of their rights and responsibilities in the marketplace. On July 25, 1978, the law was amended to create the division of Consumer Advocacy as a part of the S.C. Department of Consumer Affairs, in order to assure that the consuming public was represented before regulatory agencies undertaking to fix rates or prices for consumer products or services.

Organization

The S.C. Department of Consumer Affairs is organized into four divisions: Administration, Consumer Services (complaints), Consumer Advocacy and the Legal Division.

Main Objectives of the Department

As initially created, the primary function of the S.C. Department of Consumer Affairs was to regulate the consumer credit marketplace, to attempt to resolve any complaint arising out of the production, promotion or sale of consumer goods or services in South Carolina, whether or not credit is involved, and to promote a healthy competitive business climate with mutual confidence between buyers and sellers. The function and duties of the division of Consumer Advocacy are to provide legal representation of the consumer interest before state and federal regulatory agencies when these agencies undertake

to fix rates or prices for consumer products or services or to enact regulations or establish policies. In addition to its legal representation role, the division of Consumer Advocacy also monitors existing regulations, rate structures, and policies of special consumer interest and is charged with the responsibility of reporting, through the media, to the general public on the effect of the proposed changes on their lives. The department also licenses, registers and regulates motor clubs, physical fitness service organizations, pawn brokers, mortgage loan brokers and enforces the private personnel placement services act and the unsolicited telephone calls act.

Services

The S.C. Department of Consumer Affairs serves consumers through the following activities:

- (a) Analysis and investigation of individual complaints;
- (b) Investigation of business practices if patterns of fraud are indicated or suspected;
- (c) Referral to agencies with direct jurisdiction for immediate and specific assistance;
- (d) Public educational and informational programs designed to educate the consumer about credit practices and problems, unfair and deceptive practices, remedies and relief available to consumers and current utility and insurance issues;
- (e) Initiation of and participation in legal actions to prevent individuals from violating the S.C. Consumer Protection Code, to prohibit unconscionable conduct, and to protect consumers from having to pay excessive utility and insurance rates;
- (f) Inform consumers who file a request under the Freedom of Information Act whether complaints have been filed against a particular company and how said complaints were resolved;
- (g) Legal representation of the public in utility and insurance rate and policy proceedings before regulatory agencies.
- (h) Licensing and regulation of motor clubs, physical fitness service organizations, pawn brokers, mortgage loan brokers, private personnel placement agencies and telephone solicitation companies.

The S.C. Department of Consumer Affairs does not:

- (a) Advise whether or not a business is reputable;
- (b) Advise a consumer to buy a particular product or service or to patronize a particular business; and
- (c) Provide information such as the location or phone number of a business.

V. OFFICE OF ADMINISTRATOR OF CONSUMER AFFAIRS

The Administrator is appointed by the Commission on Consumer Affairs, serves at its pleasure, and is responsible to the commission for the following functions and purposes as prescribed by the S.C. Consumer Protection Code:

To further consumer understanding of the terms of credit transactions and to foster competition among the suppliers of consumer credit so that consumers may obtain credit at reasonable cost.

To protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit having due regard for the interests of legitimate and scrupulous creditors. To permit and encourage the development of fair and economically sound consumer credit practices.

To conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

To implement the S.C. Consumer Protection Code in the state of South Carolina in accordance with the terms and provisions therein contained.

To establish programs for the education of consumers with respect to credit practices and problems.

To counsel persons and groups on their rights and duties under the S.C. Consumer Protection Code.

To make appropriate studies to effectuate the purposes and policies of the S.C. Consumer Protection Code and to make the results of such studies available to the public.

To report on the use of consumer credit in South Carolina and to report on the problems of persons of small means in obtaining credit.

To cooperate with and assist the S.C. Attorney General and all state and local agencies performing consumer protection functions in carrying out their legal enforcement responsibilities for the protection of consumers.

To initiate and encourage programs to inform consumers of market practices and schemes which are fraudulent, deceptive or illegal; how to detect and avoid abusive consumer transactions; and of remedies and relief available to consumers.

To receive complaints of individuals pertaining to any consumer transaction arising out of the production, promotion or sale of consumer goods and services; endeavor to determine the probable basis and merit of such complaints and advise the complainant of such determination;

To refer to the appropriate state or federal agency any complaint which is under the jurisdiction of such agency for appropriate action;

To endeavor to bring about a voluntary adjustment of any such complaint not within the jurisdiction of any regulatory or enforcement agency;

To undertake activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the production, promotion, and sale of consumer goods and services;

To study the operation of consumer protection laws and recommend to the Governor and the General Assembly new laws and amendments to laws which would promote the protection of legitimate interests of consumers within this state.

The Administrator is also the Consumer Advocate for the state of South Carolina. The Consumer Advocate provides legal representation of the consumers interest before regulatory agencies undertaking to fix rates or prices for consumer products or services, enact regulations or establish policies.

The Consumer Advocate also monitors regulations, rate structures and policies of regulatory agencies and brings items of special interest and importance to consumers for their attention through the news media.

DIVISION OF ADMINISTRATION

The Division of Administration is responsible for providing budget, supply, personnel, training, data processing, news releases and consumer protection education and other administrative support to the S.C. Department of Consumer Affairs. In addition, the division is responsible for maintaining files and receipts of fees on the following acts:

- S.C. Consumer Protection Code and Credit Notification
- Maximum Rate Schedules
- Motor Clubs Service Act
- Physical Fitness Services Act
- Pawnbrokers Act
- Mortgage Loan Brokers Act
- State Continuing Care Retirement Community Act
- Athletic Agents Act

The following table shows the Budget Status Report for Fiscal Year 1989-1990.

A. STATEMENT OF EXPENDITURES

ACCOUNT	APPROPRIATIONS	EXPENDED	BALANCE
Administration:			
Personnel: (FTE)	(17.00)		
Unclassified	130,153.84	130,153.84	0.00
Classified	300,067.51	300,067.51	0.00
Other	28,851.46	28,591.46	260.00
Operations:	334,664.14	333,570.06	1,094.08
Legal:			
Personnel: (FTE)	(16.50)		
Classified	341,898.03	341,898.03	0.00
Operations:	14,390.00	14,390.00	0.00
Consumer Services:			
Personnel: (FTE)	(10.00)		
Classified	195,345.21	195,315.21	30.00
Operations:	20,750.00	20,750.00	0.00
Consumer Advocacy:			
Personnel: (FTE)	(7.50)		
Classified	209,349.13	209,349.13	0.00
Operations:	329,860.29	286,544.91	43,315.38
Employee Contributions:			
	249,855.39	242,958.50	6,896.89
Supplemental Appropriation			
	8,708.00	8,708.00	0.00
Totals:	2,163,893.00	2,112,296.65	51,596.35
	=====	=====	=====
Total Authorized FTE	(51.00)		

Note 1 - Forfeiture of Financial Responsibility

In fiscal year 1990 the Department of Consumer Affairs received \$25,000 in settlement of litigations to be returned to the consumers of the state. These funds are to be carried forward to fiscal year 1991 for the same purpose.

Note 2 - Violations of SCCPC or TILA

In fiscal year 1990 the Department of Consumer Affairs collected \$62,579.09 in administrative penalties to offset the cost of enforcement actions in process. A total of \$24,799.98 of these funds were carried forward for use in fiscal year 1990. A trust fund of \$5,000 is being held for a period of seven years, which will end in fiscal year 1991.

REGISTERED CREDITORS

The S.C. Consumer Protection Code requires that persons who make consumer credit sales, leases or loans, or persons who engage in rent-to-own, and persons who take assignments of rights against debtors arising from such transactions are required to file a notification form and pay a notification fee to the S.C. Department of Consumer Affairs for each location at which such transactions are made. The following table shows the type, and number of locations of such creditors currently registered with the S.C. Department of Consumer Affairs.

	(1) Single Loc Creditors	(2) Multi Loc Creditors	(3) Multi Loc	(4) Total Loc Paying (1+3)	(5) Total Filings Mailed (1+2)
Appliance Dealers	70	22	99	169	92
Athletic Clubs	1	1	1	2	2
Automobile Parts	109	27	101	210	136
Banks	23	56	841	861	79
Boat/Airplane Dealers	12	3	4	16	15
Building Materials	62	20	155	217	82
Consumer Finance	138	79	705	843	217
Consumer Insurance	8	0	0	8	8
Consumer Lease	8	2	3	11	10
Cemeteries	22	5	8	30	27
Credit Unions	22	5	16	38	27
Department Stores	10	10	213	223	20
Educational Institution	4	0	0	4	4
Exercise Clubs	0	1	1	1	1
Farm Equipment	22	3	5	27	25
Florists	7	0	0	7	7
Funeral Homes	28	5	10	38	33
General Merchandise	11	3	8	19	14
Golf Course	0	0	0	0	0
Hardware/Paint Stores	66	6	17	83	72
Home Furnishings	204	56	212	416	260
Hospitals	13	4	13	26	17
Jewelry	36	27	112	148	63
Martial Arts	0	0	0	0	0
Mobile Homes	58	21	57	115	79
Motor Vehicles	450	56	87	535	506
Oil Companies	29	20	124	153	49
Pawn Brokers	4	0	0	4	4
Pharmacies/Drug Stores	36	2	3	39	38
Professionals	4	4	14	18	8
Premium Service	8	1	1	9	9
Real Estate	4	3	6	10	7
Recreation Vehicle	18	2	3	21	20
Rent to Own	23	16	70	93	39

Regulated Lenders	2	2	31	33	4
Repair Shops	1	0	0	1	1
Retail Merchants	251	59	183	434	310
Sales Finance	2	3	7	9	5
Spas & Health Clubs	1	2	2	3	3
Sporting Goods	8	3	15	23	11
Savings & Loan	6	28	283	288	34
Service Stations	3	1	1	4	4
Tanning Salons	0	0	0	0	0
Undetermined	3	1	4	7	4
Wearing Apparel	23	11	39	62	34
Weight Loss	0	0	0	0	0
	-----	-----	-----	-----	-----
TOTAL	1,810	570	3,454	5,258	2,380

REVENUE:

Fees.....	\$473,105.00
Penalties.....	\$ 5,230.00
Total Received.....	\$478,335.00

MAXIMUM RATE SCHEDULE FILINGS

The Consumer Protection Code Revision Act of 1982 requires that creditors who wish to charge an Annual Percentage Rate (APR) in excess of 18% must file a Maximum Rate Schedule (MRS) with the S.C. Department of Consumer Affairs. A Maximum Rate Schedule must also be posted in the creditor's place of business. The following table shows the number and type of creditors which have filed an MRS with the S.C. Department of Consumer Affairs for FY 1989-1990.

		Total Filings	Total Locations
AD	Appliance Dealers	145	221
AC	Athletic Clubs	2	2
AP	Automobile Parts	139	192
BA	Banks	78	1,118
BD	Boat/Airplane Dealers	9	10
BM	Building Materials	78	143
CF	Consumer Finance	330	1,260
CI	Consumer Insurance	3	3
CL	Consumer Leases	5	5
CP	Cemeteries	9	9
CU	Credit Unions	2	2
DS	Department Stores	12	183
EI	Educational Inst	1	1
EC	Exercise Clubs	1	1
FE	Farm Equipment	19	21
FL	Florists	0	0
FH	Funeral Homes	2	2
GM	General Merchandise	12	15
GO	Golf Course	0	0
HS	Hardware/Paint Stores	63	80
HF	Home Furnishings	344	495
HO	Hospitals	0	0
JL	Jewelry	69	148
MA	Martial Arts	0	0
MH	Mobile Homes	72	99
MV	Motor Vehicles	736	767
OC	Oil Companies	24	101
PB	Pawn Brokers	3	3
PH	Pharmacies/Drug Stores	6	6
PR	Professionals	2	2
PS	Premium Service	2	2
RE	Real Estate	15	15
RV	Recreation Vehicles	24	24
RO	Rent To Own	12	32
RL	Regulated Lenders	3	32
RP	Repair Shops	3	3
RM	Retail Merchants	492	554
SF	Sales Finance	1	1
SP	Spas & Health Clubs	2	2

SG	Sporting Goods	20	23
SL	Savings & Loan	28	332
SS	Service Stations	4	4
TS	Tanning Salons	2	2
UN	Undetermined	7	10
WA	Wearing Apparel	10	22
WL	Weight Loss	0	0
	TOTAL	2,791	5,947

REVENUE:

Certified Copy Fees.....	\$ 28.00
Certified Rate Filing Fees.....	\$55,820.00
Total Received.....	\$55,848.00

MOTOR CLUB FILINGS

The Motor Club Services Act requires that all motor clubs doing business in the state, and representatives of these clubs, file with the S.C. Department of Consumer Affairs. The following information represents the motor clubs and motor club representatives filing with the S.C. Department of Consumer Affairs for FY 1989-1990.

Motor Clubs	35
Motor Club Representatives	1,816

REVENUE:

Motor Clubs	\$17,500.00
Representatives	\$36,320.00
Total Received	\$53,820.00

PHYSICAL FITNESS FILINGS

The Physical Fitness Services Act requires that all businesses offering physical fitness services in the state file with the S.C. Department of Consumer Affairs. The following information represents the physical fitness filing with the S.C. Department of Consumer Affairs for the FY 1989-1990.

	Total Filings	Total Locations
AC Athletic Clubs	18	18
CF Consumer Finance	1	1
DS Dance Studios	9	9
EC Exercise Clubs	31	34
GO Golf Courses	23	23
HS Health Spa	2	4
MA Martial Arts	19	22
PB Pawnbroker	1	1
RM Retail Merchant	3	3
RO Rent To Own	1	1
SP Spas & Health Clubs	17	17
TS Tanning Salons	180	182
WL Weight Loss	<u>37</u>	<u>72</u>
Total	342	387

REVENUE:

Certificate of Authority... \$17,500.00

PAWNBROKER

The Pawnbroker Act requires that all businesses offering pawnbroker services in the state file with the S.C. Department of Consumer Affairs. The following information represents the pawnbrokers filing with the S.C. Department of Consumer Affairs for FY 1989-1990.

PAWNBROKERS FILINGS	240
PAWNBROKERS LOCATIONS	250

REVENUE:

PAWNBROKERS \$68,750.00

MORTGAGE LOAN BROKERS

The Mortgage Loan Brokers Act requires that all businesses offering mortgage loan broker services in the State file with the S.C. Department of Consumer Affairs. The following information

represents the mortgage loan brokers filing with the S.C. Department of Consumer Affairs for FY 1989-1990.

BUSINESS CATEGORIES		TOTAL FILINGS	TOTAL LOCATIONS
CF	CONSUMER FINANCE	1	1
MB	MORTGAGE BROKER	77	81
TOTAL		78	82

REVENUE:

MORTGAGE LOAN BROKERS. \$68,750.00

LEGAL DIVISION

The investigative and legal enforcement activities of the South Carolina Department of Consumer Affairs are assigned to the Legal Division which consists of three staff attorneys, eight investigators and a chief investigator, a paralegal and a secretary and is supervised by the Counsel to the Administrator. Selected consumer complaints are investigated for possible violations of the law. The Division cooperates with appropriate federal, state, county, and local authorities as required.

Investigations conducted include both an information gathering procedure on selected complaints where suspected violations of the Code may be involved as well as more formal investigations where a violation of the Consumer Protection Code or other law administered by the agency is either evident or suspected.

During FY 1989-1990, the S. C. Department of Consumer Affairs continued a joint state-federal odometer investigation and prosecution effort. An investigator from the S. C. Department of Consumer Affairs continued as a special agent of the federal grand jury and was responsible for developing odometer tampering cases for federal criminal prosecution.

As a result of odometer tampering cases successfully prosecuted during FY 1989-1990 and the medial attention it generated, the S. C. Department of Consumer Affairs continued to receive citizens' complaints which were investigated. A total of ten cases were prosecuted, including six automobile dealers prosecuted under the new federal felony status of odometer tampering.

A total of 40 citizens' inquiries were received requesting the authenticity of their automobiles odometer be determined. Restitution in the amount of \$18,000 was made to consumers and the Department received \$6,000 for reimbursed cost of court appearances. The joint investigation is ongoing.

Civil Enforcement

During FY 1989-1990, the Department settled a class action lawsuit against the affiliate acceptance company of a major automobile manufacture. The suit alleged that the company had failed or refused to send debtors cure notices required by the Consumer Protection Code prior to repossessing the vehicles serving as collateral for the credit transactions. The Richland County Court of Common Pleas has approved a settlement of that case for the following relief to class members: 1. Each member receives a payment of at least three hundred and fifty (\$350.00) dollars, with the possibility of a larger amount payable from the fund if individuals opt out or cannot be located (this amount is approximately \$280,000.00); 2. Any member who paid deficiency amounts after repossession or paid repossession charges will be reimbursed for those expenses (approximately \$41,000); 3. The company agreed to notify the applicable credit bureaus that credit record of the repossessions should be

deleted; 4. The company will waive any remaining deficiency judgments or balances resulting from the repossessions (this amount is not yet determined but is estimated to be two million dollars or more; and 5. The company will pay the Department \$40,000.00 for civil penalties and litigation expenses and costs. The staff expects the settlement to be fully implemented by mid-autumn 1990.

The Department likewise continued to prosecute a lawsuit filed in June 1989 against an automobile dealer for charging closing fees in connection with consumer credit sales of automobiles and for failing to properly account for payout overcharges on trade-ins. The case has been settled in principal by the company's agreement to cease charging closing fees and trade-in related overcharges. The staff also expects implementation of this settlement in the Autumn, 1990.

Administrative Enforcement

During FY 1989-1990 the Department continued and increased its efforts in administrative enforcement of the South Carolina Consumer Protection Code and the other laws it enforces.

First, Physical Fitness docket filings accounted for seven filings for certificates of authority cases determined by consent order or order of the Administrator requiring compliance with the Physical Fitness Services Act. One case was referred to the Charleston County Solicitor's Office because of apparent criminal violations of the Act.

Of twenty-six docket filings for pawnbrokers, all but two ultimately resulted in required filing. Of the remaining two, one was dismissed because the required bond was provided prior to the hearing and one pawnbroker ceased doing business. In addition, a \$750.00 fine was assessed against one pawnbroker for violations of the Pawnbroker Act, and a \$5,000.00 fine was assessed against a pawnbroker for violations in a case docketed in FY 1988-1989.

Of ten mortgage loan broker docket assignments, five resulted in brokers properly filed with certificates of authority. The remainder were not served or dismissed upon a determination that the brokers were not in business.

The staff also brought four administrative cases for violations of the Consumer Protection Code. One hearing involving three respondents concerned the misleading simulation of a tax refund check in automobile dealers' mail solicitations. The matter resulted in consent orders signed by two respondents with another pending. Another case resulting in a consent order involved a store owner making hip-pocket loans at excessive rates. The owner agreed to cease making loans and waive all outstanding debts.

During FY 1989-1990, the Administrator heard and presently has under advisement cases involving the following:

1. "Spot delivery" of automobiles by a new car dealer,

where the dealer allegedly misled the consumer concerning whether the sale was final and later demanded the return of the vehicle when the third party financing was not approved (Unfair Trade Practice Section 37-6-118).

2. Tax refund discounting - the staff alleged that where a discounter "buys" a tax refund by paying the taxpayer a discounted amount and receiving the full refund when it comes in, the discount constitutes finance charge in a consumer loan, for which the company cannot charge more than 18% APR (Cease and Desist §37-6-108).
3. Telephone Solicitation (two cases) - in which the staff alleges customers of a vacation time sharing association received solicitations from other time share companies after the companies had been notified by the consumer's homeowner's associations that they wanted no further solicitation.

The Department also brought a case jointly with the Board of Financial Institutions Consumer Finance Division to revoke or suspend three licenses of consumer finance companies when it appeared the staff of those locations falsified insurance claims and negotiated property damage insurance checks. The parties reached a settlement of a forty-five day license suspension, a forty-five thousand dollar fine in lieu of, civil penalties and an agreement to establish and maintain procedures to prevent such violations. The settlement will be fully implemented in FY 1990-1991.

During FY 1989-1990, the General Assembly passed one additional statute requiring administration by the Legal Division, the Athletic Agents Act 456 of 1990.

PUBLIC INFORMATION AND EDUCATION SECTION

A. Public Information Activities

During the twelve months covered by this report the public information director and staff prepared news releases, magazine articles, scripts, speeches and maintained contact with newspapers, television or radio personnel through daily contacts and professional associations.

(a) Reviewed and contributed to the 1990 TEACHER'S GUIDE to the CONSUMER'S RESOURCE HANDBOOK prepared by the White House Office of Consumer Affairs.

(b) Provided major media coverage (local, state and national) in the aftermath of Hurricane Hugo. NOTE: The Administrator was featured on a segment of ABC's morning news program GOOD MORNING AMERICA. Topic: Home insurance and repairs related to Hugo. He was also asked to submit an article, to the national magazine STATE GOVERNMENT NEWS, entitled "BATTLING DISASTER PROFITEERING."

(c) Developed and produced six (6) public service announcements for the Administrator with accompanying FACT SHEETS for each subject area. The Department distributed over 20,000 FACT SHEETS to South Carolina consumers on these topics: Home Repairs and Remodeling, Automobile Insurance, the Lemon Law, Service Contracts, Surge Suppressors, Fraudulent and Deceptive Practices, Telemarketing Scams, Credit, Guideline for Donations when Dealing with Charitable Organizations and Landlord Tenant. (The psa developed on Service Contracts included an inset. This tape was designed specifically for the hearing-impaired. Special project included developing FACT SHEETS in Braille for the visually impaired. Both these projects were done cooperatively with the SC Commission for the Blind and the SC School for the Deaf.)

(d) The Administrative Assistant continued a public information "recall" service (RECALL ROLLCALL) which consists of a bi-monthly four-page release listing recalls in the areas of food, vehicles, drugs, toys, and products. After media distribution is made, all recall notices are placed in the computer system under the subject category for quick access upon consumer request. This service generates over 300 call monthly.

(e) Organized the South Carolina Consumer Council on December 11, 1989. This twenty-five member Council will improve and expand consumer education in elementary schools, promote consumer education in non traditional settings and coordinate efforts with business and government agencies so that duplication and gaps are eliminated. The Public Information Director was a program participant at the National Coalition for Consumer Education's Annual meeting in Atlanta, Georgia.

(f) Arranged over 200 media contacts for appropriate SCDC staff.

(g) Continued to produce a weekly in-house organ called THE WEEK AHEAD which is designed to improve communications and morale among agency personnel.

(h) Served as the liason for Carolina Healthstyles program. Attended meetings, submitted material for publication and developed and coordinated in-house programs and activities.

(i) Public Information Director also performed a variety of activities such as speeches, workshops and seminars for South Carolina consumers.

B. Educational Activities

The S.C. Department of Consumer Affairs utilized workshops, speeches, and media presentations to provide consumer education assistance to a wide cross-section of South Carolinians. The Department's educational activities continued to focus on a theme of "preventative consumerism" on such subjects as how to avoid frauds and schemes, healthy skepticism, effective consumer practices in handling consumer transactions ranging from automobile repairs to mail order purchases, coping with marketplace practices, and communicating more effectively with businesses in the resolution of complaints and problems arising out of consumer purchases of goods and services.

The educational programs were directed at students and teachers K-12 and college levels; and were provided for health institutions, churches, adult education programs, senior citizen groups, and other government agencies.

(a) Speeches were presented at 80 South Carolina schools, institutions of higher learning, business and professional groups and other civic and church related organizations. Consumer education exhibits and/or presentations were made at the following conferences:

1. State Home Economics Conference
2. State Superintendents and Administrators Conference
3. State Adult Education Conference
4. S.C. Council for Social Studies Educators-Fall Conference
5. The New Principal's Academy
6. State Vocational Educators Conference
7. S.C. State Fair
8. S.C. Displaced Homemakers and Sex Equity Conference.

(b) Conducted the fifth annual essay contest for all South Carolina seventh grade students on the theme "My

Responsibilities as a Consumer of Tomorrow." The winning students were presented a \$50 savings bond by South Carolina's Consumer Advocate, Steven W. Hamm, in a special ceremony at the S.C. State Museum during National Consumers Week.

(c) Maintained a Consumer Product Safety Network across the state involving representatives from businesses, health organizations, the educational system and other state and local agencies. The Department participated in workshops and health fairs sponsored by these agencies.

(d) Designed a consumer education component in cooperation with the Department of Social Services for its "Living Incentives for Tomorrow" program. The Program involves teenagers to senior citizens.

DIVISION OF CONSUMER SERVICES

A. Consumer Complaint Procedure

When a consumer has a complaint, he or she should give the business an opportunity to remedy the situation. If personal contact and subsequent discussion does not resolve the problem, the consumer should contact the S.C. Department of Consumer Affairs. Consumers can call the S.C. Department of Consumer Affairs from anywhere in the state at no charge by using the department's toll free WATS line 1-800-922-1594. The consumer should briefly describe the nature of the problem. In most cases, the consumer will be sent a complaint form which should be filled out with all pertinent information and returned to the S.C. Department of Consumer Affairs along with copies of all contracts, warranties, guarantees, advertisements or other written agreements or transaction documentation. When the complaint form is returned, it is assigned to a complaint analyst who carefully reviews the complaint and determines what action should be taken. If a complaint falls within the jurisdiction of another state or federal agency, it is referred to that agency for action. The first step in resolving a typical complaint is to mail a copy of the consumer's complaint to the business complained against with an accompanying form from the department requesting that the business state its position, and suggest a resolution if it is the opinion of the business that an action is appropriate. When a reply is received from the business, the complaint analyst assigned to the complaint studies the position of both the consumer and the business and recommends further action or an appropriate closing. The activities of the Consumer Services Division breaks down into two separate categories which are summarized on the following Tables I and II.

Table I (and accompanying explanation) summarizes the day-to-day work activities in terms of number of telephone calls

received, responded to and referred, complaints received, and other information and statistics of the work activities associated with that division.

Table II (and accompanying explanation) summarizes the manner in which complaint cases were completed and closed during FY 1989.

Several members of the division gave speeches, interviews, and presentations to civic groups, newspapers, TV reporters and other media regarding consumer complaints. Consumer Services continued its coordination with the Public Information and Education Section in alerting them to unique consumer problems, scams and concerns which might warrant consumer education and media attention efforts. Consumer Services staff also continued to identify violations and to refer them to the Legal Department for action.

TABLE I

FY1988	FY1990	FY1989	
1. Telephone calls & inquiries received	64,041	48,148	38,409
2. Percent of Increase over Previous Year	24.8%	20.2%	----
3. Written Complaints Received	5,555	4,717	4,465
4. Complaints Referred to AUTOCAP	192	235	173
5. Telephone Inquiries Referred to other State/Federal Agencies	3,129	2,852	1,573

TABLE I

Explanatory Notes

1. This item refers to the total number of telephone calls received and handled by the Consumer Services Division. This includes general inquiry, advice and information calls; inquiries about whether or not a complaint has been filed against a company; etc.
2. This item refers to the percent of increase in total telephone calls received over the previous year.
3. No explanation necessary.
4. This item refers to automobile related complaints filed with the S.C. Department of Consumer Affairs but referred to AUTOCAP (Automotive Consumer Action Program) in a third-party mediation system designed to help dealers and consumers resolve disputes amicably and without resorting to litigation.
5. No explanation necessary.
6. No explanation necessary.
7. No explanation necessary.

TABLE II
Written Complaints Closed
July 1, 1989 - June 30, 1990

CLOSING STATUS	NUMBER	PERCENT
Satisfied	2542	74.0
Unsatisfied	325	10.0
Insufficient Merit	87	3.0
Abandoned by Consumer	217	6.0
Undetermined or Disputed Facts	250	7.0
Subtotal	3421	
Referred	1046	
Information Only	459	
TOTAL	4926	
100%		

TABLE II
Explanatory Notes

\$411,550.00 was recovered for consumers in refunds, or adjustments during FY 1990. 4926 complaints were closed in the year ending June 30, 1990. Of this total, 2542 of the 3421 complaints actually handled by the division were closed as satisfied. Not all of the consumers whose complaints were closed as satisfied received refunds. Some of these consumers received an explanation from the business which the S. C. Department of Consumer Affairs accepted as satisfactory.

1046 complaints were referred to other state or federal agencies having primary jurisdiction in the matter about which the consumer complained. 459 of the complaints were closed as information only, and required no action by the Department.

Table III
Complaint Categories Containing Greatest
Number of Complaints

Rank in FY 1990		Rank in FY 1989	Number FY 1990	Percent of Total
Complaints				
1.	Vehicles	1	1341	24.1
2.	Contractors/Builders	2	599	10.8
3.	Regulated Companies	5	481	8.7
4.	Financial Institutions	4	376	6.8
5.	Appliances	6	269	4.8
6.	Mail Order	3	245	4.4
7.	Credit Problems	7	208	3.7
8.	Real Estate/Time Share	8	167	3.0
9.	Mobile Homes	--	159	2.9
10.	Home Furnishings	9	139	2.5

Table IV
Written Complaints Received by County

July 1, 1989- June 30, 1990

Counties	Population	Complaints Received	Complaints per 1000 Persons
Abbeville	22,700	29	1.28
Aiken	122,200	102	.83
Allendale	10,600	9	.85
Anderson	143,100	121	.84
Bamberg	17,600	17	.96
Barnwell	21,000	20	.95
Beaufort	85,100	50	.59
Berkeley	127,100	31	.24
Calhoun	12,100	20	1.65
Charleston	302,200	773	2.56
Cherokee	41,900	39	.93
Chester	31,200	24	.77
Chesterfield	39,000	19	.49
Clarendon	28,600	16	.56
Colleton	34,900	27	.77
Darlington	65,000	68	1.05
Dillon	32,900	21	.64
Dorchester	81,500	127	1.56
Edgefield	18,800	8	.43
Fairfield	22,000	43	1.95
Florence	118,000	128	1.08
Georgetown	49,200	24	.49
Greenville	315,000	260	.82
Greenwood	58,700	40	.68
Hampton	19,100	13	.68
Horry	137,600	104	.76
Jasper	15,200	26	1.71
Kershaw	44,800	98	2.19
Lancaster	56,500	5	.09
Laurens	53,800	35	.65
Lee	18,600	10	.54
Lexington	170,600	599	3.51
McCormick	7,300	4	.55
Marion	35,100	55	1.57
Marlboro	31,600	18	.57
Newberry	32,500	55	1.69
Oconee	55,400	49	.88
Orangeburg	88,900	143	1.61
Pickens	90,400	28	.31
Richland	285,900	1378	4.82
Saluda	16,500	14	.85
Spartanburg	215,900	184	.85
Sumter	97,000	178	1.83
Union	30,500	16	.52

Williamsburg	38,500	33	.86
York	127,000	77	.61

TOTAL, SC	3,469,000	5138
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TOTAL - N.C. GA.,		
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OTHER		417
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TOTAL WRITTEN COMPLAINTS	5555
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Abbeville	57,700	2
Aiken	127,200	1
Allendale	10,600	6
Anderson	107,100	4
Arethusa	17,400	1
Barnwell	21,000	1
Beaufort	57,100	2
Berkley	127,100	1
Calhoun	12,100	1
Charleston	202,200	7
Cherokee	41,900	2
Chesler	21,200	1
Clarendon	28,600	1
Colleton	24,900	1
Darlington	42,000	1
Dillon	22,900	1
Dorchester	81,200	1
Edgefield	18,800	1
Fairfield	22,000	1
Florence	218,000	1
Georgetown	49,200	1
Greenville	212,000	1
Hampton	19,100	1
Harley	127,600	1
Jasper	12,200	1
Kershaw	44,300	1
Lancaster	22,200	1
Laurens	22,800	1
Lee	18,600	1
Lexington	170,600	1
McCormick	7,200	1
Marion	22,100	1
Marlboro	21,600	1
Mecklenburg	22,200	1
Monroe	22,400	1
Orangeburg	88,900	1
Pickens	90,400	1
Richland	282,900	1
Saluda	16,200	1
Spencer	212,900	1
Sumter	97,000	1
Union	20,200	1

DIVISION OF CONSUMER ADVOCACY

I. Function

The Division provides legal representation of the consumer interest before regulatory agencies undertaking to fix rates or prices for consumer products or services, enact regulations or establish policies. The Division also monitors regulations, rate structures and policies of consumer-related agencies and reports proposed changes and the effect of such changes on the lives of the citizens of the State to the public through the media.

II. Administrative Hearings

A. Public Service Commission (PSC)

The Division of Consumer Advocacy participated in 118 proceedings before the Public Service Commission (PSC) involving approximately \$42,769,590. Those hearings primarily involved requests for rate increases and new charges by telephone and electric utilities, gas companies, transportation companies and water and sewer companies. The PSC approved increases totaling approximately \$32,063,475 in additional revenues or 75% on average of the amounts requested. In many cases, the Division of Consumer Advocacy presented expert testimony on cost of capital, accounting, and rate design issues under consideration.

In addition, the Division of Consumer Advocacy assisted customers of both regulated and non-regulated utilities with questions about their bills and possible service problems.

B. S.C. Department of Insurance

The Division of Consumer Advocacy participated in hearings for 26 insurance filings at the S.C. Department of Insurance. Those filings involved 22 automobile insurance cases, 1 homeowners case, 1 medical professional liability case, and 2 workmen's compensation cases. In the completed cases, the Chief Insurance Commissioner approved increases in premiums totaling approximately \$29,657,184 or 52% of the \$56,747,841 requested.

The Division of Consumer Advocacy also assisted consumers who had complaints about insurance companies.

Finally, the Division of Consumer Advocacy monitored insurance legislative developments, reviewed various legislative proposals that would affect South Carolina policyholders, and assisted the Governor's office and the General Assembly in developing proposals. It also assisted the legislative Insurance Law Study Committee in compiling reviewing various South Carolina insurance statutes.

C. Federal Agencies

1. Federal Energy Regulatory Commission (FERC)

The Division of Consumer Advocacy participated in two separate rate establishment cases before FERC involving proposed purchased power agreements. Carolina Power and Light Company is attempting to purchase power from Duke Power Company in one case and from American Electric Power Service Corporation in the other. Both are pending.

The Division of Consumer Advocacy is still participating in a pending FERC Notice of Inquiry concerning transmission service and sales-for-resale and three pending FERC Notices of Proposed Rulemaking concerning avoided costs for qualifying facilities, bidding systems, and independent power producers.

2. Federal Communications Commission (FCC)

The Division of Consumer Advocacy monitored a variety of decisions, policies, and proposals before the Federal Communications Commission affecting South Carolina telecommunications subscribers.

The Division of Consumer Advocacy is still participating in a pending FCC Notice of Proposed Rulemaking concerning price cap regulations and policies for dominant, as well as local exchange, carriers.

3. Securities and Exchange Commission (SEC)

The Division of Consumer Advocacy is participating in review of the provisions of the Public Utility Holding Company Act (PUHCA) to evaluate any need for legislative change. The Division is also participating in evaluating a proposed SEC rule on diversification by intrastate exempt holding companies, such as SCANA.

III. Civil Proceedings

A. Utility Litigation

The Division of Consumer Advocacy has been involved in 18 appeals to the Circuit Court of final orders of the Public Service Commission. Four cases were argued by the Division of Consumer Advocacy before the Circuit Court. Three cases were argued before the S.C. Supreme Court and five are pending before that Court. Over \$1 million in refunds with interest have now been distributed to customers of Piedmont Natural Gas Company as a result of the Division's success in reversing the Public Service Commission's rate order for Piedmont.

The Division of Consumer Advocacy has continued to monitor Federal court cases in conjunction with the National Association of State Utility Consumer Advocates (NASUCA).

B. Insurance Litigation

The Division of Consumer Advocacy had filed suit against Central States Health and Life Company, the Chief Insurance Commissioner, and South Carolina Department of Insurance, alleging that there was no evidence of record to support the portion of the increase attributable to increases in medical technology expenses. In early 1987 the Supreme Court reversed the Circuit Court and Chief Insurance Commissioner's findings of this issue and remanded the case for adjustment of rates. On remand, the Chief Insurance Commissioner lowered rates prospectively but failed to provide refunds or credits for policyholders from the dates of implementation of his first order. On appeal the Circuit Court affirmed the Commissioner's order on remand. The case was argued before the S.C. Court of Appeals and was certified to the S.C. Supreme Court. The case was thereafter argued again before the S.C. Supreme Court. In October 1989 the Supreme Court reversed the Circuit Court and ordered refunds to be given to consumers. Over \$50,000 in refunds with interest have now been distributed to policyholders as a result of the Division's success in reversing the Chief Insurance Commissioner's rate order for Central States.

IV. Organizational Involvement

During the past year the Consumer Advocate and a Division staff attorney have been invited to participate in a Senate Select Committee on Health Care Cost Containment. The Consumer Advocate and Division attorneys also served on the Reinsurance Facility Board of Governors and provided recommendations on various issues.

During the past year the Deputy Consumer Advocate served as Secretary and as an Executive Committee member of the National Association of State Utility Consumer Advocates (NASUCA). In that capacity he and other Division of Consumer Advocacy attorneys actively participated in court proceedings, in hearings before Congress, and in seminars and public service talks on utility-related matters.

A Staff Attorney for the Division of Consumer Advocacy has been appointed to serve on the NASUCA Gas Committee.

V. Legislative Involvement

A. Federal Legislation

At its request, the Division of Consumer Advocacy continued to assist the National Association of State Utility Consumer Advocates (NASUCA) in its ongoing evaluation of the potential impact of the pending rail rate legislation on utilities and pending legislation clarifying the authority of State utility commissions over certain wholesale electric rates previously approved by the Federal Energy Regulatory Commission (FERC).

The Division of Consumer Advocacy also monitored other Federal legislation related to FERC and FCC regulatory matters.

B. State Legislation

The Division of Consumer Advocacy monitored and evaluated legislation affecting the interests of consumers and also assisted the legislative Insurance Law Study Committee, the staff of the S.C. Department of Insurance, and various legislators regarding proposals to change existing laws.

C. Administrative Regulations

The Division of Consumer Advocacy participated in hearings on proposed amendments to regulations of the S.C. Public Service Commission.

INFORMATION PROCEDURE

Requests for information may be made to any appropriate division of the S.C. Department of Consumer Affairs. The appropriate division for inquiries relating to complaints or statistics is the division of Consumer Services. The appropriate division for inquiries relating to office management, personnel, budget, notifications, and fees is the division of Administration.

All requests for information which require a response in the nature of a legal opinion or interpretation or a statement of official policy or position of the agency must be submitted in writing.

Submissions or suggestions designed to improve the operation of the S.C. Department of Consumer Affairs should be submitted in writing to the Administrator of the S.C. Department of Consumer Affairs, without regard to the division or activity to which they may pertain.

Requests for copies of publications, which may from time to time be issued by the S.C. Department of Consumer Affairs, should be addressed to the division of Administration. These requests may be in writing, by telephone or by personal visit.

Requests or submissions of any nature may be made in writing to the office of the Administrator of the S.C. Department of Consumer Affairs.

The agency's offices are located at 2801 Devine Street, Columbia, S.C. The mailing address is the S.C. Department of Consumer Affairs, P.O. Box 5757, Columbia, S.C. 29250. The toll free WATS line number is 1-800-922-1594.

HISTORICAL DATA

August 13, 1974	The S.C. Department of Consumer Affairs was established by Act 1241 of 1974, as amended.
August 19, 1974	First commissioners appointed to the S.C. Commission on Consumer Affairs.
August 29, 1974	First members appointed to the Council of Advisors on Consumer Credit.
September 30, 1974	Irvin D. Parker of Columbia appointed as the first administrator of the S.C. Department of Consumer Affairs.
November 1, 1974	S.C. Department of Consumer Affairs became operational.
September 29, 1976	Act 686 of 1976, which added to the S.C. Consumer Protection Code those portions of the Uniform Consumer Credit Code which pertained to loans and licensed lenders, became effective.
July 25, 1978	The Division of Consumer Advocacy was created by Act 644, as a new division within the S.C. Department of Consumer Affairs, with the designation of the Administrator of Consumer Affairs as the Consumer Advocate. The Act also altered the composition of the Commission on Consumer Affairs, increasing its membership to 11.
Spring, 1980	Acts 326, 337, 411, 433 and 475 were passed which provided substantial changes to the S.C. Consumer Protection Code. These changes included clarification of the law regarding usury; retention of minimum charge for consumer credit sales/loans repayment; brought State Chartered Credit Unions under the S.C. Consumer Protection Code; allows 90 days for the S.C. Insurance Commissioner to approve or disapprove forms and rate schedules; provides escalator provision for designated dollar amounts in S.C. Consumer Protection Code; increased allowable rates for revolving charge accounts and for nonsupervised lenders; conformed 3 month S.C. Consumer Protection Code notice provision to Federal Reserve Board regulation; addresses mail order loan territorial application sales/loan situation.

June 12, 1981 Act No. 107, the S.C. Private Personnel Agency Act was passed. This legislation licenses, regulates and monitors the activities of employment agencies or individuals engaged in obtaining employment for others and designates the S.C. Department of Consumer Affairs, among others, as an agency responsible for investigating complaints from consumers about the activities of employment agency type businesses as well as using their enforcement jurisdiction and authority when appropriate.

July 1, 1981 Irvin D. Parker of Columbia resigned as administrator/consumer advocate of the S.C. Department of Consumer Affairs.

August 4, 1981 Roy C. Harms appointed Acting Administrator of the S.C. Department of Consumer Affairs. Steven W. Hamm appointed Acting Consumer Advocate of the S.C. Department of Consumer Affairs.

September 22, 1981 Steven W. Hamm of Columbia appointed as Administrator/Consumer Advocate of the S.C. Department of Consumer Affairs.

July 1, 1982 Act 385, the Consumer Protection Code Revision Act of 1982 became effective. The act deregulates interest rates and provides for a business established maximum rate structure. All first mortgage loans were removed from the S.C. Consumer Protection Code and some additional charges were provided for. Consumer protections were increased by strengthening the provisions on unconscionability, requiring other state agencies to investigate complaints, providing the S.C. Department of Consumer Affairs with authority to investigate unfair trade practices and to file suit on behalf of consumers when the actual damages were \$300 or less.

December, 1983 Governor Richard W. Riley designated the S.C. Department of Consumer Affairs as an additional official liaison with the U.S. Consumer Product Safety Commission which has duly commissioned its officials, under the authority of the U.S. Consumer Product Safety Act, to conduct inspections and investigations under the Consumer Product

Safety Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act, the Flammable Fabrics Act, and the Refrigerator Safety Act.

September 20, 1984 The Motor Club Services Act became effective. The act requires that any organization which sells, furnishes or makes available to its members any motor club services must obtain from the S.C. Department of Consumer Affairs a Certificate of Authority to operate. Application for an operating Certificate of Authority requires a bond or deposit of bond in cash or securities of \$50,000, a certified copy of its charter from the Secretary of State, articles of incorporation, by-laws, financial statement and an explanation of its plan for doing business plus other documentation. The law applies to towing services, bail and arrest bond service, emergency road services, claim adjustment services, legal services, map services, emergency travel expense services, merchandise and discount services, travel touring and travel information services, financial services, check cashing services, personal property registration services, credit card services, insurance services, and buying and selling services to club members.

June 6, 1985 Act No. 127 of 1985 became effective. The act provides that a creditor may contract for property insurance on property all or part of which is related to the credit transaction.

June 20, 1985 Act No. 153 of 1985 was signed into law by Governor Richard W. Riley. The act amended the Consumer Protection Code so as to make it clear that it was unconscionable to charge excess prepaid finance charges no matter how those charges were designated if they substantially exceeded the usual and customary charges for a particular type of loan. The intent of the act was to prevent misrepresentation of rates and the charging of unconscionable rates no matter how they were disclosed or identified.

June 24, 1985 Governor Richard W. Riley signed the Physical Fitness Services Act into law. The act provides that everyone providing

physical fitness services, for profit, in South Carolina must pay a yearly fee and obtain a Certificate of Authority from the S.C. Dept. of Consumer Affairs. Organizations utilizing membership contracts must post a bond or demonstrate financial responsibility that will satisfy claims against the bond. All operators must submit a certified copy of their charter from the Secretary of State, copies of membership agreements and contracts and a list of all outlets. Organizations that have been in business for five years are exempt from the bonding requirement.

January 1, 1986

Act No. 121 of 1985 became effective. The act added Part 7 to Chapter 2 of the South Carolina Consumer Protection Code. The part regulates consumer rental-purchase agreements and requires rental-purchase businesses to file a notification form with the S. C. Dept. of Consumer Affairs.

May 6, 1986

Act No. 401 of 1986, which authorized a two dollar minimum charge for property insurance, became effective.

May 12, 1986

Governor Richard W. Riley signed into law an act providing that no action for damages arising out of the defective or unsafe condition of an improvement to real property may be brought more than 13 years after substantial completion of the improvement. The act requires the S. C. Dept. of Consumer Affairs to publish notice of owners' or possessors' right to enter into any contractual agreement which extends any guarantee of an improvement being free from defect beyond the 13 years as provided in the act.

June 3, 1988

Act No. 16-17-445 of 1988 became effective. The act placed restrictions on unsolicited and automatically dialed consumer telephone calls and designated the Department as the enforcement agency.

July 1, 1988

Act No. 166 of 1987 became effective whereby the Consumer Advocate is to review auto insurance rate and recoupment filings to ensure compliance with the Act.

July 1, 1988

Act No. 491 of 1988 became effective. The

act defines, clarifies and limits the charges and fees that may be imposed in connection with a pawn transaction and designated the Department as the enforcement agency.

October 1, 1988 Act 544 of 1988 becomes effective. The act clarifies the steps that must be taken by a loan broker before funds from a customer can be earned and retained. The bill also requires loan brokers to register with the Department and to escrow any funds paid by a consumer until such time that the broker secures a loan for the consumer. An amendment to Act 544 was made April 26, 1989 with Act 52§2. The 1989 amendment replaced a penalty of \$1,000 dollars, with a "penalty of no less than one thousand no more than \$2,500, in the discretion of the administrator," and added provisions relative to decreasing the bonding requirement.

May 30, 1989 Act 119 of 1989. Governor Carroll A. Campbell, Jr. signed into law an act which amended portions of the South Carolina Code relating to credit service and loan finance charges. The act provides that when a lender has filed rates but has not posted them properly, that lender may be subject to a fine of up to \$5,000.00 payable to the Department of Consumer Affairs.

June 5, 1989 Act 142 of 1989. An act typically known as the "lemon Law" became effective. It is designed to enforce express warranties on motor vehicles. The act provides for the manufacturer's reasonable attempts to cure, then replacement of the motor vehicle or a refund of the purchase price. The Department was directed to enforce the new act.

June 5, 1989 Act 144 of 1989. An act became effective which amended the Code to delete the requirement that a consumer incur additional debt after notification of a change in terms in revolving charge and loan accounts. The act also required such a notification to state that the consumer may pay the existing balance under the terms in effect, if the customer chooses to cancel the account. In addition, sections 37-2-405 and 37-3-402

were amended to exempt from their requirements all credit transactions and all consumer loans if the contracts specified a formula for determining the rate of finance charge upon refinancing a balloon payment.

Act 164 of 1989 became effective amending sections 37-2-202, 37-3-202 & 37-10-102. Increases maximum allowed for assumption fees under the S.C. Consumer Protection Code.

July 1, 1989

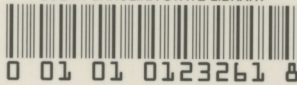
Act 148 of 1989. The Automobile Insurance Reform Act went into effect in an attempt to lower the cost of mandatory automobile insurance. The act provides, among other things, that insurers be required to grant safe driver discounts. It also provides for a review of rates as well as periodic rate adjustments. Also incorporated in this act is the requirement that occupants of motor vehicles wear properly fastened safety belts. The Department of Consumer Affairs directed to intervene in Automobile Insurance rate filings before the Chief Insurance Commissioner.

July 1, 1990

Act 97 of 1990. The State Continuing Care Retirement Community Act. The act requires that the Department of Consumer Affairs issue a license to a person filing an application in accordance with section 37-11-30 of the S.C. Code of Laws if the Department is satisfied that: (a) the individuals responsible for the conduct of the affairs of the applicant are competent and trustworthy and have good reputations; (b) The continuing care retirement community is financially responsible and can meet its obligations to residents; (c) The operator has demonstrated a willingness and the potential ability to assure that the health care or health-related services will be of good quality; (d) The operator has complied with all requirements of DHEC concerning the furnishing of nursing, medical, or other health-related services.

July, 1990

Act 456 of 1990. The Athletic Agents Act requires that each athlete agent register biennially with the Department of Consumer Affairs on forms to be provided by the department and, at the same time, pay to the department a registration fee of three



hundred dollars, for which the department shall issue a certificate of authority entitling the holder to operate as an athlete agent for two years. The department may revoke or suspend the registration of an athlete agent for cause or for a violation of any provision of this chapter

